

MICHAEL J. GARCIA
United States Attorney for the
Southern District of New York
By: BENJAMIN H. TORRANCE
DANNA DRORI
Assistant United States Attorneys
86 Chambers Street, 3rd Floor
New York, New York 10007
Tel. No.: (212) 637-2703/2689

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: : CHAPTER 11

WORLDCOM, INC., et al., : Case No. 02-13533 (AJG)

Debtors. : (Jointly Administered)
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**INTERNAL REVENUE SERVICE'S DESIGNATION OF CONTENTS OF RECORD ON
APPEAL AND STATEMENT OF ISSUES ON APPEAL**

PLEASE TAKE NOTICE, that the Internal Revenue Service ("IRS") hereby designates the following items to be included in the record on appeal from the Order Granting Reorganized Debtors' Objection to Proof of Claim No. 38365 and Motion for a Determination of Refund Rights Pursuant to Section 505(a)(1) of the Bankruptcy Code, which was entered on June 22, 2007.

1. Department of Treasury/Internal Revenue Service Request for Payment, dated June 28, 2004 (Claims Register #38365).
2. "Reorganized Debtors' Objection to Proof of Claim No. 38365 (Department of Treasury Administrative Expense Claim)," entered on August 5, 2004 (Docket #12235).
3. "Notice of Reorganized Debtors' Emergency Motion Pursuant to Section

107(b)(1) of the Bankruptcy Code and Rule 9018 of the Federal Rules of Bankruptcy Procedure for Protective Order,” entered on September 28, 2005 (Docket #17179).

4. “Declaration of Alfredo R. Perez in Support of Order Setting Date, Time and Place for an Expedited Hearing to Consider the Reorganized Debtors’ Emergency Motion Pursuant to Section 107(b)(1) of the Bankruptcy Code and Rule 9018 of the Federal Rules of Bankruptcy Procedure for Protective Order,” with attached exhibits, entered on September 28, 2005 (Docket #17180).

5. “Response of the United States of America to Reorganized Debtors’ Motion for Protective Order,” entered on September 28, 2005 (Docket #17183).

6. “Order Setting Date, Time and Place for an Expedited Hearing to Consider the Reorganized Debtors’ Emergency Motion Pursuant to Section 107(b)(1) of the Bankruptcy Code and Rule 9018 of the Federal Rules of Bankruptcy Procedure for Protective Order,” entered on September 28, 2005 (Docket #17190).

7. “Order Pursuant to Section 107(b)(1) of the Bankruptcy Code and Rule 9018 of the Federal Rules of Bankruptcy Procedure Granting Reorganized Debtors[’] Motion for Protective Order,” entered on October 5, 2005 (Docket #17290).

8. “Reply of the United States to Reorganized Debtors’ Objection to IRS Request for Payment No. 38365,” entered under seal on October 7, 2005 (Docket #17489).

9. Declaration of Assistant United States Attorney Nicole Gueron, with attached exhibits, entered under seal on October 7, 2005 (Docket #17488).

10. Declaration of Michael Hills, with attached exhibits, entered under seal on October 7, 2005 (Docket #17490).

11. “Reorganized Debtors’ Response to the Reply of the United States of America to Reorganized Debtors’ Objection to IRS Request for Payment No. 38365,” with attached exhibits, entered under seal on December 19, 2005 (Docket #17743).

12. “Surreply of the United States of America to Reorganized Debtors’ Objection to IRS Request for Payment No. 38365,” entered under seal on January 26, 2006 (Docket #17864 and #17900).

13. “Supplemental Declaration of AUSA Nicole Gueron,” with attached exhibits, entered under seal on February 1, 2006 (Docket #17903).

14. “Reorganized Debtors’ Motion to Exclude Certain Testimony of Dr. Michael Hills from the Hearing on the Objection to Proof of Claim No. 38365 (Department of Treasury Administrative Expense Claim),” with attached exhibits, entered on January 30, 2006 (Docket #17872).

15. “Notice of Cross Motion to of the United States of America to Exclude Certain Testimony of John R. Anderson and One Worldcom Exhibit, with attached exhibits, entered under seal on January 31, 2006 (Docket #17879).

16. “Opposition (Under Seal) of the United States of America to Reorganized Debtors’ Motion to Exclude Certain Testimony of Dr. Michael Hills and Cross Motion to Exclude Certain Testimony of John Anderson and One Worldcom Exhibit,” with attached exhibits, entered under seal on February 1, 2006 (Docket #17898).

17. “Reorganized Debtors’ Motion for (I) A Determination of Refund Rights Pursuant to Section 505(a)(1) of the Bankruptcy Code and (II) Consolidation of that Determination with the Reorganized Debtors’ Objection to Proof of Claim No. 38365

(Department of Treasury Administrative Expense Claim) Pursuant to Section 105 of the Bankruptcy Code and Rules 9014 and 7042 of the Federal Rules of Bankruptcy Procedure,” with attached exhibits, entered on February 1, 2006 (Docket #17945).

18. “Notice of Hearing Regarding the Reorganized Debtors’ Motion for (I) A Determination of Refund Rights Pursuant to Section 505(a)(1) of the Bankruptcy Code and (II) Consolidation of that Determination with the Reorganized Debtors’ Objection to Proof of Claim No. 38365 (Department of Treasury Administrative Expense Claim) Pursuant to Section 105 of the Bankruptcy Code and Rules 9014 and 7042 of the Federal Rules of Bankruptcy Procedure,” with attached exhibits, entered on February 17, 2006 (Docket #17947).

19. Transcript of Hearing before the Honorable Arthur J. Gonzales, dated February 1, 2006, and filed under seal on February 23, 2006 (Docket #17959).

20. Trial Exhibits Nos. 1-25 & 27-32, moved into evidence on February 1, 2006, but deemed “Confidential - For In Camera Review” and not filed.

21. “Reorganized Debtors’ Notice of and Proposed Findings of Fact and Conclusions of Law with Respect to their Objection to Proof of Claim No. 38365 (Department of Treasury Administrative Expense Claim),” entered on March 27, 2006 (Docket #18088).

22. “Proposed Findings of Fact and Conclusions of Law of the United States of America as to Debtors’ Objection to IRS Request for Payment No. 38365,” entered on March 31, 2006 (Docket #18110).

23. Transcript of Hearing before the Honorable Arthur J. Gonzales, dated April 11, 2006, and filed under seal on April 13, 2007 (Docket #18181).

24. “Reorganized Debtors’ Motion for Leave to File Supplemental Authorities

Regarding their Objection to Proof of Claim No. 38365 (Department of Treasury Administrative Expense Claim),” with attached exhibits, entered on May 17, 2007 (Docket #18883).

25. “Notice of Adjournment of Hearing on Reorganized Debtors’ Motion for Leave to File Supplemental Authorities Regarding their Objection to Proof of Claim No. 38365 (Department of Treasury Administrative Expense Claim),” entered on May 29, 2007 (Docket #18907).

26. “Order Denying Reorganized Debtors’ Motion for Leave to File Supplemental Authorities Regarding their Objection to Proof of Claim No. 38365 (Department of Treasury Administrative Expense Claim),” entered on June 1, 2007 (Docket #18917).

27. “Opinion Granting Reorganized Debtors’ Objection to Proof of Claim No. 38365 and Motion for a Determination of Refund Rights Pursuant to Section 505(a)(1) of the Bankruptcy Code,” filed on June 1, 2007 (Docket #18918).

28. Notice of Appeal of the Internal Revenue Service, filed on June 11, 2007 (Docket #18932).

29. “Notice of Settlement of Order Granting Reorganized Debtors’ Objection to Proof of Claim No. 38365 and Motion for a Determination of Refund Rights Pursuant to Section 505(a)(1) of the Bankruptcy Code,” entered on June 18, 2007 (Docket #18942).

30. “Notice of Withdrawal of Appeal Without Prejudice to Re-Filing,” filed on June 21, 2007 (Docket #18946).

31. “Order Granting Reorganized Debtors’ Objection to Proof of Claim No. 38365 and Motion for a Determination of Refund Rights Pursuant to Section 505(a)(1) of the Bankruptcy Code,” filed on June 22, 2007 (Docket #18950).

32. Notice of Appeal, filed on July 2, 2007 (Docket #18977).

PLEASE TAKE FURTHER NOTICE, that the IRS hereby states that the following are the issues on appeal:

A. Whether the Bankruptcy Court erred in holding that “central office-based remote access” telephone services are not taxable as “local telephone service” within the meaning of 26 U.S.C. § 4252(a).

Dated: New York, New York
July 12, 2007

Respectfully submitted,

MICHAEL J. GARCIA
United States Attorney for the
Southern District of New York
Attorney for the Internal Revenue Service

By: /s/ Danna Drori
BENJAMIN H. TORRANCE
DANNA DRORI
Assistant United States Attorneys
Telephone: (212) 637-2703/2689
Facsimile: (212) 637-2686

To: Marcia L. Goldstein, Esq.
Lori R. Fife, Esq.
Alfredo R. Perez, Esq.
Weil, Gotshal & Manges LLP

United States Trustee

CERTIFICATE OF SERVICE

I, Danna Drori, an Assistant United States Attorney for the Southern District of New York, hereby certify that on July 12, 2007, I caused a copy of the INTERNAL REVENUE SERVICE'S DESIGNATION OF CONTENTS OF RECORD ON APPEAL AND STATEMENT OF ISSUES ON APPEAL to be served upon the below-listed by first class mail:

To: Marcia L. Goldstein, Esq.
Lori R. Fife, Esq.
Alfredo R. Perez, Esq.
Weil, Gotshal & Manges, LLP
767 Fifth Avenue
New York, New York 10153-0119
Attorneys for Debtors

United States Trustee
33 Whitehall Street, 21st Floor
New York, New York 10004

Dated: New York, New York
July 12, 2007

/s/ Danna Drori
DANNA DRORI
Assistant United States Attorney